

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LCI HOLDING COMPANY, INC.,

Debtors.

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Case No. 1:13-cv-00924-SLR

THE UNITED STATES' MOTION FOR STAY

On April 4, 2013, the Bankruptcy Court authorized the sale of substantially all of debtors' assets even though debtors had no ability to confirm a chapter 11 plan and no intention to pay any portion of the United States' administrative tax claim, which resulted from the sale and is estimated by debtors to be as much as \$24 million. (See Docket No. 617.) On May 28, 2013, the Bankruptcy Court approved a settlement between the Steering Committee and Unsecured Creditors Committee through which the Unsecured Creditors received \$3.5 million of estate property ahead of senior creditors in violation of the absolute priority rule of 11 U.S.C. § 1129(b). The United States appealed both decisions.¹ (See Docket Nos. 660, 838.) The United States now moves the Court for a stay of both orders to the extent necessary to continue to stay disbursement of the escrowed funds set forth in the asset purchase agreement and the

¹ While the United States has filed its notice of appeal and designation of issues and record on appeal regarding the Bankruptcy Court's approval of this settlement, (see Docket Nos. 838, 865), that appeal has not yet been docketed by the District Court. Once docketing occurs, the United States will move to consolidate the two appeals.

funds set forth in the settlement agreement. The United States does not seek a stay of the transfer of assets provided for in the order approving the sale. A memorandum in support of this motion and a proposed order are attached herewith.

DATE: July 1, 2013

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this day, July 1, 2013, I electronically filed the foregoing Motion of the United States for Stay with the Clerk of the Court using the CM/ECF system.

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